

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday 10 January 1978 CG NIDC 78/007C

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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Tuesday, 10 January 1978.

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The NID Cable is for the purpose of informing senior US officials.

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ARGENTINA: No Treaty Ratification

25X1 [] //Argentine officials continue to link ratification of the Tlatelolco Treaty establishing a nuclear-free zone in Latin America and the Caribbean to US cooperation with specific aspects of the Argentine nuclear program.//

25X1 [] //Argentina continues to interpret the joint communique issued during Secretary Vance's visit late last year as an agreement not yet fulfilled. Argentine officials have said that until the US fulfills the agreement by delivering heavy water technology and facilitating an Argentine-Peruvian nuclear deal that involves US-origin fuel, Argentina will resist ratification of the nuclear-free-zone treaty.//

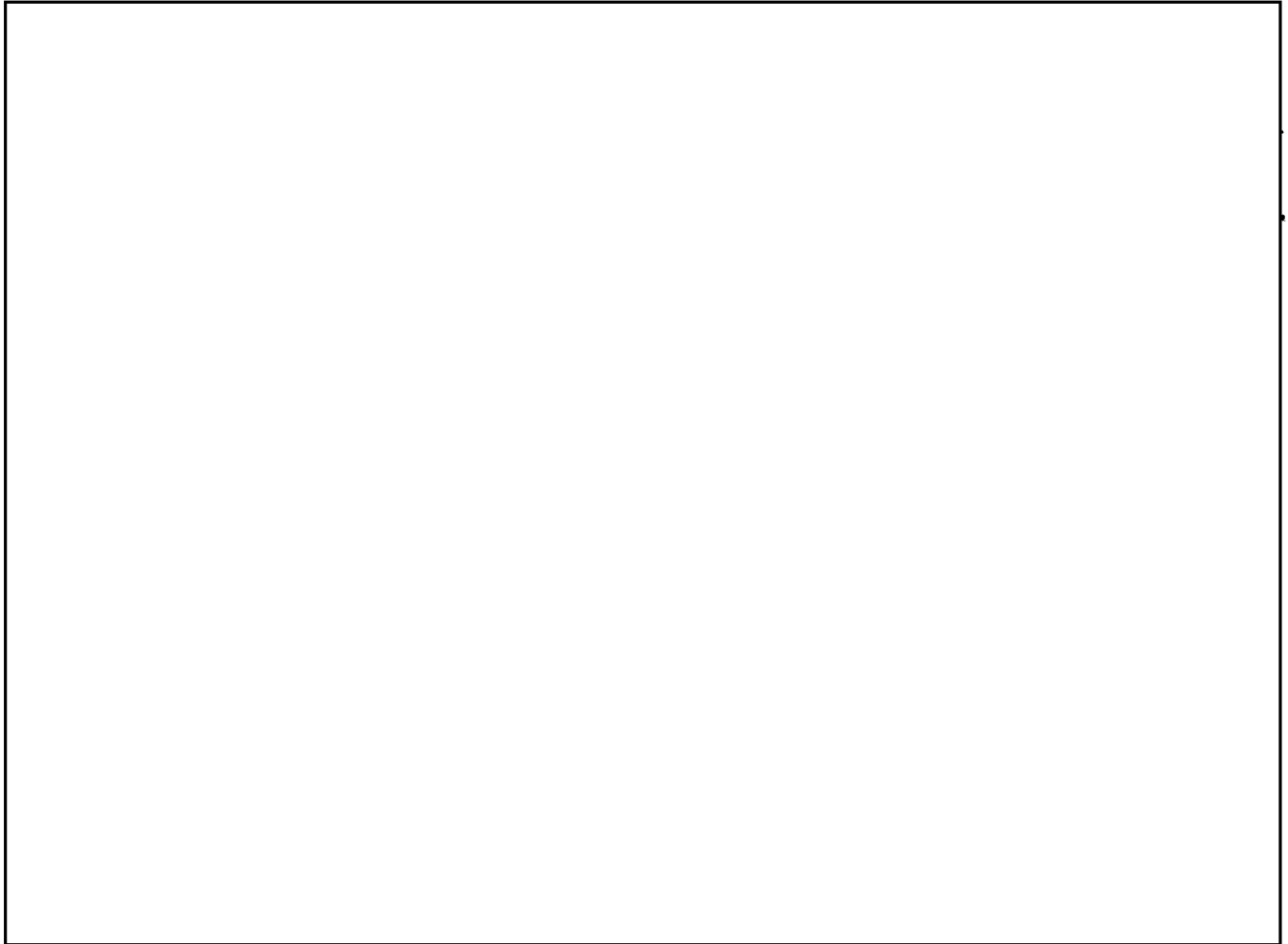
25X1 [] Buenos Aires is chafing under tougher safeguard provisions imposed by nuclear exporters, and its officials miss no opportunity to criticize the "discriminatory" nature of the international nuclear regime. Argentine negotiations on nuclear cooperation with Canada are stalled over Argentina's rejection of what it considers excessive safeguard requirements imposed by Ottawa. []

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USSR: Shcharanskiy Investigation

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[Redacted] The long-pending trial of Soviet dissident Anatoliy Shcharanskiy appears imminent. According to Shcharanskiy's mother, she has been instructed by a Soviet official to find a lawyer for her son by 13 January, when the investigation of the case is to be completed.

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[Redacted] According to Mrs. Shcharanskiy, the official said that her son would be charged under Article 64A, which includes the crime of espionage, and that the trial could last three or

four months. The official reportedly specified that only a member of the Soviet Association of Lawyers would be acceptable as Shcharanskiy's attorney, and that he must be cleared by the KGB.

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[redacted] Shcharanskiy was arrested last March. The subsequent investigation of his case dragged on beyond the nine months specified by Soviet law, and in mid-December his family was told that a special extension of the investigation period had been granted. The unusual delay was widely interpreted as a Soviet effort to keep Shcharanskiy's status ambiguous during the review of the Helsinki accords at the Belgrade conference on European security and cooperation.

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[redacted] The Belgrade talks are scheduled to reconvene on 17 January. Their closing date has not yet been agreed upon; the Soviet position is that the meeting is to close in one month, while the West wants it to continue until agreement is reached. The Soviet official's prediction that Shcharanskiy's trial could go on for three to four months--an unusually long time for a trial in the USSR--suggests that the Soviets, while tightening the screws by planning to begin the trial, are still reluctant to allow it to become an item on the Belgrade agenda.

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[redacted]

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[redacted]



PERU: Disagreement Between Leaders

[Redacted] Disagreements have emerged between leaders of Peru's major political parties and the military government over the autonomy to be enjoyed by the future constituent assembly and over government economic policies. Failure to resolve these differences could create obstacles to the scheduled return to civilian rule in 1980.

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[] The clash of views arose following public statements by President Morales Bermudez on 30 December. Responding to questions about the assembly election scheduled for 4 June 1978, the President declared that if the assembly fails to incorporate in the new constitution institutional reforms adopted by successive military regimes, the assembly would be annulled, leading to a prolongation of military rule. He also said that the political transition will constitute "a transfer of government but not of power."

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[] The President said the government's failure to extricate itself from a deepening economic crisis was a result of external factors--an unjust international economic order, unfair loan conditions imposed by the International Monetary Fund, and refusal by US private banks to supply necessary credits, which he implied was politically motivated.

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[] Five prominent political parties have registered their objections to Morales Bermudez' remarks, which coincided with the beginning of Peru's first election campaign since the military overthrew the civilian government of former President Belaunde in 1968. Some of the sharpest criticism has come from the two largest parties, the American Popular Revolutionary Alliance and the Popular Action Party.

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[] Victor Haya de la Torre--whose APRA party began secretly cooperating with the government last fall in hopes of gaining an election advantage--told 50,000 followers in Lima on Saturday that APRA intends to campaign for a free and sovereign constitutional assembly. He also responded to the President's statements by asserting that control of the government and the exercise of political power are indistinguishable.

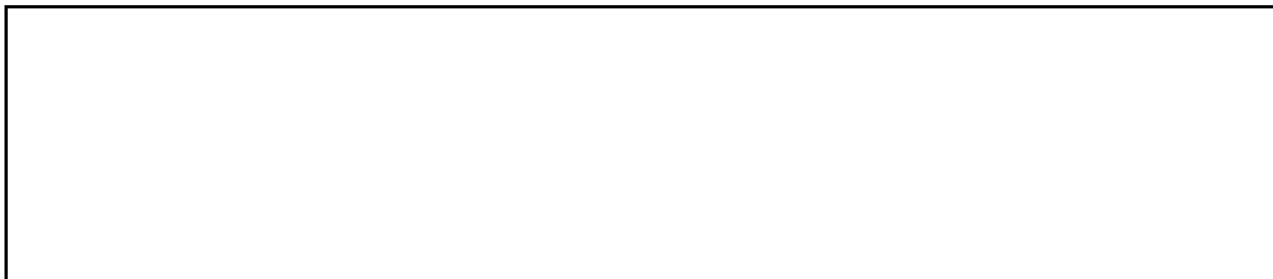
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[] Haya reserved his harshest attacks for the government's attempts to blame its economic failures on international capitalism; he characterized these allegations as "half-truths and whole lies." He demanded an official report on Peru's huge foreign debt, which he attributed in part to "administrative immorality."

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[] Popular Action leader Belaunde, in an address to another large political rally in Callao last Friday, said his party would not accept any limitations on the constituent assembly. He charged that the government's economic policies have promoted high unemployment, declining agricultural production, and dependence on foreign countries.

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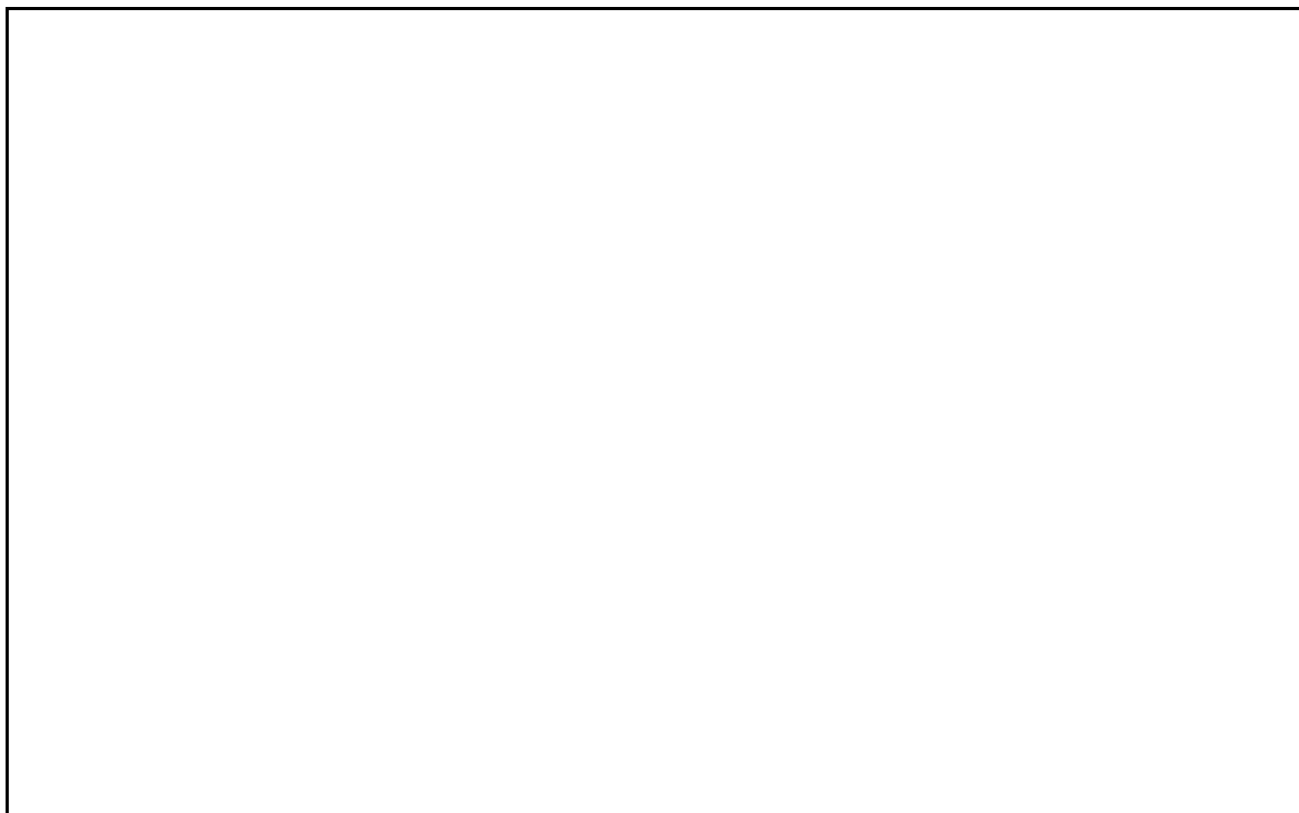


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Although the government clearly reserves the right to limit political debate during the campaign, the questions raised by Morales Bermudez' remarks seem to demand some official clarification. Should the government fail to reassure the parties of its good faith between now and election time, prospects for a smooth transition to constitutional rule would appear to be diminished.

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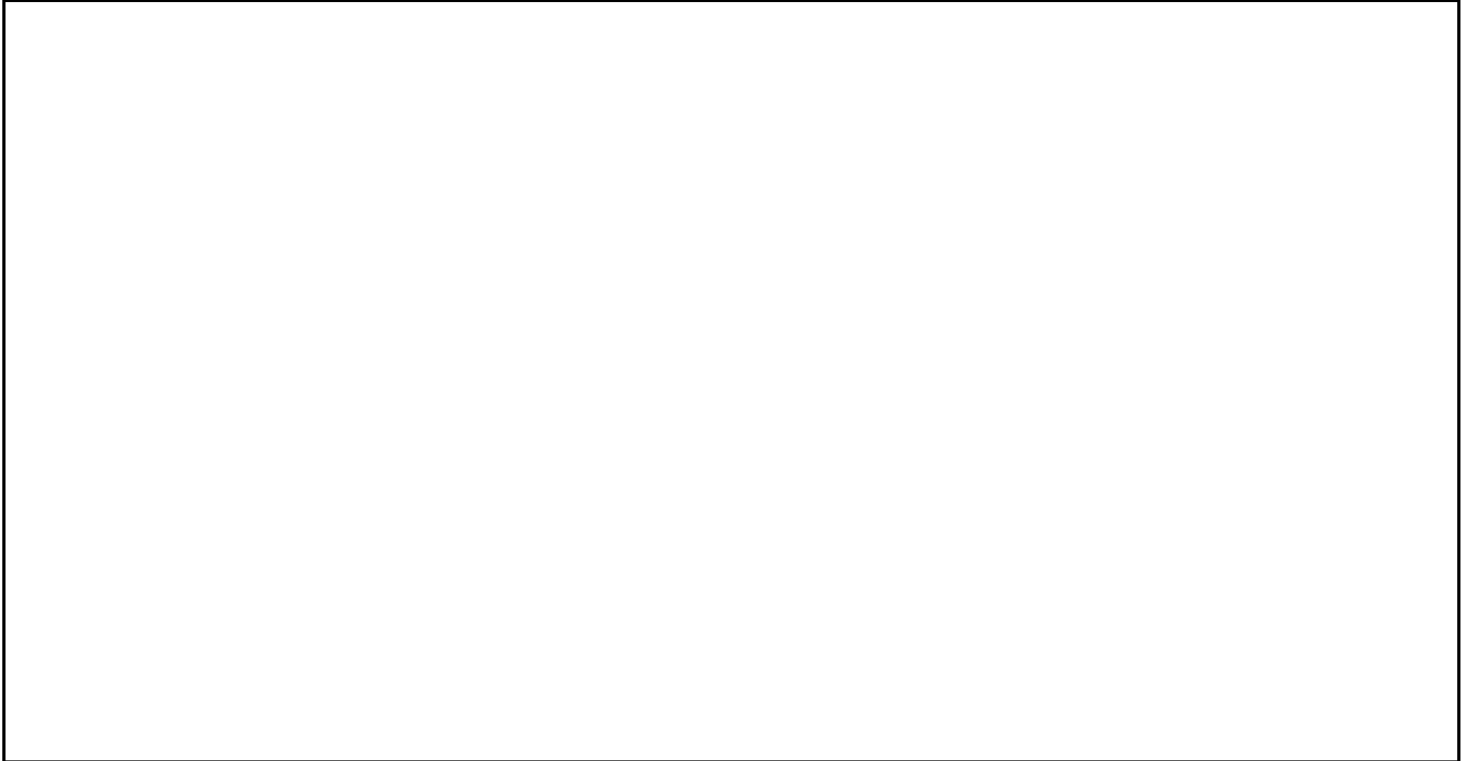


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CHINA: Restoration of Medical Losses

China's leaders appear to be trying to restore the quality of medical training by increasing the length of medical school education and resuming formal programs of specialty training. Almost no adequately trained general physicians or specialists have been graduated in a decade, and serious shortages have developed in all areas of Western-style medical practice. We believe that even with a concerted effort, the Chinese will need at least 20 years to recoup the losses of the past decade.

the undergraduate curriculum at Shanghai First Medical College is now four or five years and that most of the graduates then go to hospitals for resident training. A typical surgical residency is said to be at least three years.

Graduates of leading medical colleges apparently now enter specialized residencies immediately after graduation,

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instead of having to go to work first in rural areas. This probably is part of the effort to relieve the critical shortages of medical specialists, particularly surgeons.

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[] China has not graduated physicians with five years of training since 1966. The inadequate three-year curriculum instituted in the early 1970s has for the most part produced only one graduating class at each medical school. The Chinese should be able to bring the three-year graduates up to the desired level of training before the first students in the extended training programs graduate. []

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BRIEF

Panama

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[] Press reports indicate that several thousand Panamanian demonstrators held a peaceful march yesterday to mark the anniversary of the anti-US riots in 1964. Student leaders asserted that the US has three months to approve the canal treaties.

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[] The government's apparent intention to exceed last year's turnout of 1,500 and to apply pressure for early US ratification of the treaties while avoiding violence seems to have gone according to plan. []

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